MONTANA LEGISLATIVE HISTORY

Chapter 139 19 87

Bill H 433 S _____ Original bill & history ✓ C

H. Committee on Business & Labor		S. Committee on Business & Industry	
Hearing Date(s) Feb 04	✓ C	Hearing Date(s) Mar 03	✓ C
_____	___ C	_____	___ C
_____	___ C	_____	___ C
_____	___ C	_____	___ C
Date Out 2/4	✓ C	DATE OUT 3/3	✓

Did this bill originate in an interim committee? ___ Yes ___ No

Committee _____ Report _____

3/27 2ND READING CONCUR MOTION FAILED 17 32
3/27 2ND READING INDEFINITELY POSTPONED 33 17
3/28 RETURNED TO HOUSE NOT CONCURRED

HB 432 INTRODUCED BY HARPER, ET AL.
IMPOUNDED PET ACT

1/24 INTRODUCED
1/24 REFERRED TO BUSINESS & LABOR
2/05 HEARING
2/06 COMMITTEE REPORT--BILL NOT PASSED AS AMENDED
2/07 ADVERSE COMMITTEE REPORT ADOPTED 71 24

HB 433 INTRODUCED BY SANDS
GENERALLY REVISE INSURANCE LAWS
BY REQUEST OF STATE AUDITOR

1/24 INTRODUCED
1/24 REFERRED TO BUSINESS & LABOR
2/04 HEARING
2/04 COMMITTEE REPORT--BILL PASSED AS AMENDED
2/06 2ND READING PASSED 82 16
2/07 3RD READING PASSED 92 7

TRANSMITTED TO SENATE
2/10 REFERRED TO BUSINESS & INDUSTRY
3/03 HEARING
3/04 COMMITTEE REPORT--BILL CONCURRED
3/09 2ND READING CONCURRED 50 0
3/11 3RD READING CONCURRED 49 0

RETURNED TO HOUSE
3/14 SIGNED BY SPEAKER
3/14 SIGNED BY PRESIDENT

3/16 TRANSMITTED TO GOVERNOR
3/19 SIGNED BY GOVERNOR
CHAPTER NUMBER 139 EFFECTIVE DATE: 10/01/87

HB 434 INTRODUCED BY DONALDSON
SUPPLEMENTAL APPROPRIATIONS TO VARIOUS STATE
AGENCIES FOR CURRENT FISCAL YEAR
BY REQUEST OF OFFICE OF BUDGET AND PROGRAM PLANNING

1/24 INTRODUCED
1/24 REFERRED TO APPROPRIATIONS
1/24 COMMITTEE REPORT--BILL PASSED
1/28 REREFERRED TO APPROPRIATIONS
2/04 HEARING
2/19 HEARING
2/20 HEARING
2/20 COMMITTEE REPORT--BILL PASSED AS AMENDED
2/23 2ND READING PASSED 69 29
2/24 3RD READING PASSED 73 23

TRANSMITTED TO SENATE
3/02 REFERRED TO FINANCE & CLAIMS
3/06 HEARING
3/26 HEARING
4/01 COMMITTEE REPORT--BILL CONCURRED AS AMENDED
4/03 2ND READING CONCURRED AS AMENDED 33 17
4/04 3RD READING CONCURRED 35 15

RETURNED TO HOUSE WITH AMENDMENTS

House BILL NO. 433

INTRODUCED BY Sands

BY REQUEST OF THE STATE AUDITOR

A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE LAWS RELATING TO INSURANCE; AND AMENDING SECTIONS 33-2-117, 33-7-101, 33-10-101, 33-22-301, 33-22-703, 33-23-201 THROUGH 33-23-203, AND 33-23-211 THROUGH 33-23-216, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 33-2-117, MCA, is amended to read:

"33-2-117. Continuance, expiration, reinstatement, and amendment of certificate of authority. (1) Certificates of authority issued or renewed under this code shall continue in force as long as the insurer is entitled thereto under this code and until suspended or revoked or otherwise terminated; subject, however, to continuance of the certificate by the insurer each year by payment prior to May 15 of the continuation fee provided in 33-2-708.

(2) If not so continued by the insurer, its certificate of authority shall expire as at midnight on May 31 next following such failure of the insurer so to continue it in force. The commissioner shall promptly notify the insurer of the occurrence of any such failure resulting in impending expiration of its certificate of authority.

(3) The commissioner may, in his discretion, reinstate a certificate of authority which the insurer has inadvertently permitted to expire, after the insurer has fully cured all its failures which resulted in such expiration and upon payment by the insurer of the fee for reinstatement in addition to the current continuation fee, as provided in 33-2-708. Otherwise, the insurer shall be granted another certificate of authority only after filing application therefor and meeting all other requirements as for an original certificate of authority in this state.

(4) The commissioner may amend a certificate of authority at any time to accord with changes in the insurer's charter of insuring powers."

Section 2. Section 33-7-101, MCA, is amended to read:

"33-7-101. Scope of chapter -- provisions applicable. (1) Except as herein provided, societies shall be governed by this chapter and shall be exempt from all other provisions of the insurance laws of this state, not only in governmental relations with the state but for every other purpose. No law hereafter enacted shall apply to them unless they be expressly designated therein.

(2) In addition to the provisions contained in this chapter, other chapters and provisions of this title shall apply to fraternal benefit societies to the extent applicable and not in conflict with the express provisions

of this chapter and the reasonable implications thereof, as follows: parts 1, 2, 3, 4, and 7 of chapter 1; 33-2-104; 33-2-107; 33-2-112; chapter 2, part 13; 33-3-308; 33-15-502; ~~and~~ chapter 18; chapter 20; and chapter 22."

Section 3. Section 33-10-101, MCA, is amended to read:

"33-10-101. Short title, purpose, scope, and construction. (1) This part shall be known and may be cited as the "Montana Insurance Guaranty Association Act".

(2) The purpose of this part is to provide a mechanism for the payment of covered claims under certain insurance policies to avoid excessive delay in payment and to avoid financial loss to claimants or policyholders because of the insolvency of an insurer, to assist in the detection and prevention of insurer insolvencies, and to provide an association to assess the cost of such protection among insurers.

(3) This part shall apply to all kinds of direct insurance, except life, title, surety, disability, credit, mortgage~~,~~ guaranty, and ocean marine insurance.

(4) This part shall be liberally construed to effect the purpose under subsection (2) which shall constitute an aid and guide to interpretation."

Section 4. Section 33-22-301, MCA, is amended to read:

"33-22-301. Coverage of newborn under ~~family~~ disability policy. (1) Each policy of disability insurance

or certificate issued thereunder shall contain a provision granting immediate accident and sickness coverage, from and after the moment of birth, to each newborn infant of any insured.

(2) The coverage for newborn infants ~~shall~~ must be the same as provided by the policy for the other covered persons; provided, however, that for newborn infants there shall be no waiting or elimination periods. A deductible or reduction in benefits applicable to the coverage for newborn infants is not permissible unless it conforms and is consistent with the deductible or reduction in benefits applicable to all other covered persons.

(3) No policy or certificate of insurance may be issued or amended in this state if it contains any disclaimer, waiver, or other limitation of coverage relative to the accident and sickness coverage or insurability of newborn infants of an insured from and after the moment of birth.

(4) If payment of a specific premium or subscription fee is required to provide coverage for a child, the policy or contract may require that notification of birth of a newly born child and payment of the required premium or fees must be furnished to the insurer or nonprofit service or indemnity corporation within 31 days after the date of birth in order to have the coverage continue beyond such 31-day

period."

Section 5. Section 33-22-703, MCA, is amended to read:

"33-22-703. Coverage for mental illness, alcoholism, and drug addiction. Insurers and health service corporations transacting group health insurance or group health plans in this state shall provide, under hospital and medical expenses incurred insurance group policies and under hospital and medical service plan group contracts, the level of benefits specified in this section for the necessary care and treatment of mental illness, alcoholism, and drug addiction subject to the right of the applicant to select any alternative level of benefits above the minimum level of benefits described in subsections (1)(b), (2)(a), (2)(b), and (2)(d) as may be offered by the insurer or health service ~~plan~~ corporation:

(1) under basic inpatient expense policies or contracts, inpatient hospital benefits consisting of durational limits, dollar limits, deductibles, and coinsurance factors that are not less favorable than for physical illness generally, except that:

(a) benefits may be limited to not less than 30 calendar days per year as defined in the policy or contract;

(b) the aggregate maximum benefit for alcoholism and drug addiction of inpatient expenses under basic inpatient policies and contracts plus inpatient expenses under major

medical policies and contracts may be limited to no less than:

(i) $4,000 in any 24-month period; and

(ii) $8,000 in lifetime benefits;

(2) under major medical policies or contracts, inpatient benefits and outpatient benefits consisting of durational limits, dollar limits, deductibles, and coinsurance factors that are not less favorable than for physical illness generally, except that:

(a) inpatient benefits may be limited to no less than 30 calendar days per year as defined in the policy or contract. If inpatient benefits are provided beyond 30 calendar days per year, the durational limits, dollar limits, deductibles, and coinsurance factors applicable thereto need not be the same as applicable to physical illness generally.

(b) for outpatient benefits, the coinsurance factor may not exceed 50% or the coinsurance factor applicable for physical illness generally, whichever is greater, and the maximum benefit for mental illness, alcoholism, and drug addiction in the aggregate during any applicable benefit period may be limited to not less than $1,000;

(c) maximum lifetime benefits shall, for mental illness in the aggregate, be no less than those applicable to physical illness generally;

(d) the aggregate maximum benefit for alcoholism and drug addiction of inpatient expenses under basic inpatient policies and contracts plus inpatient expenses under major medical policies and contracts may be limited to no less than:

(i) $4,000 in any 24-month period; and

(ii) $8,000 in lifetime benefits."

NEW SECTION. Section 6. Motor vehicle. "Motor vehicle" means every vehicle propelled by its own power and designed primarily to transport persons or property upon the highways of the state. The term does not include a bicycle as defined in 61-1-123.

Section 7. Section 33-23-201, MCA, is amended to read:

"33-23-201. Motor vehicle liability policies to include uninsured motorist coverage -- rejection by insured. (1) No ~~automobile--liability--or~~ motor vehicle liability policy insuring against loss resulting from liability imposed by law for bodily injury or death suffered by any person arising out of the ownership, maintenance, or use of a motor vehicle ~~shall~~ may be delivered or issued for delivery in this state, with respect to any motor vehicle registered or principally garaged in this state, unless coverage is provided therein or supplemental thereto, in limits for bodily injury or death set forth in 61-6-103, under provisions filed with and approved by the

commissioner, for the protection of persons insured thereunder who are legally entitled to recover damages from owners or operators of uninsured motor vehicles because of bodily injury, sickness, or disease, including death, resulting therefrom.

(2) The named insured shall have the right to reject such coverage. Unless the named insured requests such coverage in writing, such coverage need not be provided in or supplemental to a renewal policy where the named insured had rejected the coverage in connection with the policy previously issued to him by the same insurer."

Section 8. Section 33-23-202, MCA, is amended to read:

"33-23-202. Reimbursement for total loss of motor vehicle based on actual replacement value. Each ~~automobile~~ motor vehicle insurance policy issued to residents of this state which provides that reimbursement for total loss of a motor vehicle ~~shall~~ must be based on a "book" value rather than on the actual replacement value is void as to such provision, and reimbursement ~~shall~~ must be made for actual replacement value."

Section 9. Section 33-23-203, MCA, is amended to read:

"33-23-203. Limitation of liability under motor vehicle liability policy. (1) Unless a motor vehicle liability policy specifically provides otherwise, the limits of insurance coverage available under any such policy,

including the limits of liability under uninsured motorist coverage, ~~shall~~ must be determined as follows, regardless of the number of motor vehicles insured under the policy:

(a) the limit of insurance coverage available for any one accident ~~shall be~~ is the limit specified for the motor vehicle involved in the accident;

(b) if no motor vehicle insured under the policy is involved in the accident, the limit of insurance coverage available for any one accident ~~shall be~~ is the highest limit of coverage specified for any one motor vehicle insured under the policy; and

(c) the limits of coverage specified for each motor vehicle insured under the policy ~~shall~~ may not be added together to determine the limit of insurance coverage available under the policy for any one accident.

(2) A motor vehicle liability policy may also provide for other reasonable limitations, exclusions, or reductions of coverage which are designed to prevent duplicate payments for the same element of loss."

Section 10. Section 33-23-211, MCA, is amended to read:

"33-23-211. Limitations on basis for cancellation. (1) A notice of cancellation of a motor vehicle liability policy ~~shall be~~ is effective only if it is based on one or more of the following reasons:

(a) nonpayment of premium; or

(b) the driver's license or motor vehicle registration of the named insured or of any other operator who either resides in the same household or customarily operates ~~an automobile~~ a motor vehicle insured under the policy has been under suspension or revocation during the policy period or, if the policy is a renewal, during its policy period or the 180 days immediately preceding its effective date.

(2) This section ~~shall~~ does not apply to any policy or coverage which has been in effect less than 60 days at the time notice of cancellation is mailed or delivered by the insurer unless it is a renewal policy.

(3) Modification of ~~automobile~~ motor vehicle physical damage coverage by the inclusion of a deductible not exceeding $100 ~~shall~~ may not be deemed a cancellation of the coverage or of the policy.

(4) This section ~~shall~~ does not apply to nonrenewal of a motor vehicle liability policy."

Section 11. Section 33-23-212, MCA, is amended to read:

"33-23-212. Notice required for cancellation -- exception -- statement that insurer will specify reason upon request -- penalty. (1) Notwithstanding any other provision of this code, no cancellation by an insurer of ~~an auto~~ a motor vehicle liability insurance policy ~~shall~~ may be

effective prior to the mailing or delivery to the named insured at the address shown in the policy of a written notice of the cancellation stating when, not less than 30 days after the date of such mailing or delivery, the date the cancellation shall become effective.

(2) No notice of cancellation of a policy to which 33-23-211 applies ~~shall~~ may be effective unless mailed or delivered by the insurer to the named insured at least 30 days prior to the effective date of cancellation; provided, however, that where cancellation is for nonpayment of premium, at least 10 days' notice of cancellation accompanied by the reason therefor ~~shall~~ must be given. Unless the reason accompanies or is included in the notice of cancellation, the notice of cancellation ~~shall~~ must state or be accompanied by a statement that upon written request of the named insured, mailed or delivered to the insurer not less than 15 days prior to the effective date of cancellation, the insurer will specify the reason for such cancellation.

(3) Subsection (2) ~~shall~~ does not apply to nonrenewal.

(4) Any insurer willfully violating any provisions of subsection (2) of this section is guilty of a misdemeanor and is punishable by a fine of not exceeding $500 for each violation thereof."

Section 12. Section 33-23-213, MCA, is amended to

read:

"33-23-213. Notice to insured of ground for cancellation -- commissioner to ensure compliance. Whenever an insurer gives notice of cancellation of ~~an automobile~~ a motor vehicle liability policy, upon request of the insured, the insurer, within 15 days of receipt of the request, shall furnish to the insured a statement setting forth the ground or grounds upon which the notice of cancellation is based. If the insurer fails to comply with the provisions of this section, the insured may apply to the commissioner for a certificate of the facts or information desired. The commissioner shall exercise any power conferred upon him by law as may be necessary to ensure compliance with this section."

Section 13. Section 33-23-214, MCA, is amended to read:

"33-23-214. Advance notice required for nonrenewal -- exceptions -- exemptions. (1) No insurer ~~shall~~ may fail to renew a motor vehicle liability policy unless it ~~shall--mail~~ mails or ~~deliver~~ delivers to the named insured, at the address shown in the policy, at least 30 days' advance notice of its intention not to renew. Such notice ~~shall~~ must contain or be accompanied by a statement that upon written request made not later than 1 month following the termination date of the policy of the named insured mailed

or delivered to the insurer, the insurer will notify the insured in writing, within 15 days of his request, of the reason or reasons for such nonrenewal.

(2) Notwithstanding the failure of an insurer to comply with this section, the motor vehicle liability policy ~~shall~~ must terminate on the effective date of any other replacement or succeeding ~~automobile~~ motor vehicle liability ~~insurance~~ policy procured by the insured~~,~~ with respect to any ~~automobile~~ motor vehicle designated in both policies.

(3) This section ~~shall~~ does not apply where the named insured has failed to discharge when due any of his obligations in connection with the payment of premiums for the policy or the renewal thereof or any installment payments therefor, whether payable directly to the insurer or its agent or indirectly under any premium finance plan or extension of credit.

(4) This section ~~shall~~ does not apply in any of the following cases:

(a) if the insurer has manifested its willingness to renew;

(b) in case of nonpayment of premium; provided that, notwithstanding the failure of an insurer to comply with this section, the policy ~~shall~~ must terminate on the effective date of any other insurance policy with respect to any ~~automobile~~ motor vehicle designated in both policies;

(c) if the insured's agent or broker has secured other coverage acceptable to the insured at least 20 days prior to the anniversary date of the policy or termination of the policy period.

(5) Renewal of a motor vehicle liability policy ~~shall~~ does not constitute a waiver or estoppel with respect to grounds for cancellation which existed before the effective date of such renewal.

(6) A notice of nonrenewal of a motor vehicle liability policy under this section, which policy has a term of less than 6 months, is effective only when based on one or more of the reasons listed in 33-23-211."

Section 14. Section 33-23-215, MCA, is amended to read:

"33-23-215. No liability for statements in connection with cancellation or nonrenewal. There ~~shall~~ may be no liability on the part of and no cause of action of any nature ~~shall~~ may arise against the ~~insurance~~ commissioner or against any insurer, its authorized representative, its agents, its employees, or any firm, person, or corporation furnishing to the insurer information as to reasons for cancellation or nonrenewal for any statement made by any of them in any written notice of cancellation or nonrenewal or for statements made or evidence submitted at any hearings conducted in connection therewith."

Section 15. Section 33-23-216, MCA, is amended to read:

"33-23-216. Retention and proof of notice. (1) A notice of cancellation or of intention not to renew or of reasons for cancellation of insurance issued under terms of this chapter ~~shall~~ must be retained for a period of 3 years by the insurer or his agent within this state and ~~shall~~ must be made available within this state for examination or inspection by the commissioner or his agents at any time within such 3-year period upon reasonable notice.

(2) Proof of mailing of notice of cancellation or of intention not to renew or of reasons for cancellation to the named insured at the address shown in the policy or to the named insured's latest known address ~~shall be~~ is sufficient proof of notice."

NEW SECTION. Section 16. Extension of authority. Any existing authority of the commissioner of insurance to make rules on the subject of the provisions of this act is extended to the provisions of this act.

NEW SECTION. Section 17. Codification instruction. Section 6 is intended to be codified as an integral part of Title 33, chapter 23, part 2, and the provisions of Title 33, chapter 23, part 2, apply to section 6.

-End-

MINUTES OF THE MEETING
BUSINESS AND LABOR COMMITTEE
50TH LEGISLATIVE SESSION

February 4, 1987

The meeting of the Business and Labor Committee was called to order by Chairman Les Kitselman on February 4, 1987 at 8:00 a.m. in Room 312-F of the State Capitol.

ROLL CALL: All members were present, except Rep. Cohen who was absent for the first part of the meeting.

HOUSE BILL NO. 415 - Violation of Consumer Protection Law to Charge More Than Medicare Rates, sponsored by Rep. Harry Fritz, House District 56, Missoula. Rep. Fritz stated that the bill provides that it would be a violation of the Montana Consumer Protection Act for a health care provider to charge a medicare patient more than the rate approved for payment for the applicable treatment under the federal medicare program.

PROPONENTS

Doug Campbell, Missoula. Mr. Campbell submitted written testimony. Exhibit No. 1.

Elsie Fox, Miles City. Ms. Fox submitted written testimony. Exhibit No. 2.

Don Judge, representing the Montana State AFL-CIO. Mr. Judge stated upon reaching retirement many are no longer eligible for group medical benefits and must attempt to purchase adequate coverage and or become part of the nation's medicare systems. He said the best the legislature can do about those recent deductions is to encourage Congress to reverse the trend and extend the protections of medicare, and something could be done in stretching the current medicare coverage as far as possible in Montana. He added one of the problems with the system is it does not meet the demands of many of the medical providers including those in Montana in its current reimbursement formula; this forces the senior citizens to forego needed medical care or to come up with the difference. He said something must be done for these individuals and an appropriate way is to approach Congress, united in suggesting that they increase the medicare reimbursement formula.

Robert Van Der Vere, Helena. Mr. Van Der Vere stated that he and his wife are on medicare, and sometimes they have the money to pay for their medical care, but he doesn't want to be taken advantage of.

HOUSE BILL NO. 433 - Generally Revise Insurance Laws, sponsored by Rep. Jack Sands, House District No. 90, Billings. Rep. Sands stated that this was a housekeeping bill with minor editing in the act, and explained the changes.

PROPONENTS

Kathy Irigoin, State Auditor's Office. Ms. Irigoin stated that it was left unclear what a motor vehicle liability policy means in the bill, so the amendment is intended to add a definition of motor vehicle liability policy to the bill. She said because the bill is intended to clean up the irregularities in the act, the State Auditor's Office supports the bill. Exhibit No. 24.

Randy Gray, representing State Farm Insurance Companies and the National Association of Independent Insurers. Mr. Gray stated they support this bill which clears up some technical problems with the insurance code, and the amendment proposed by Kathy Irigoin. He proposed one additional amendment which provides a definition in the Montana Insurance Code for uninsured motor vehicles, since there is no definition in the codes. Exhibit No. 25.

QUESTIONS

Rep. Simon asked if this bill is considered clean up language, why is an extension of authority needed. Ms. Irigoin responded that they have added a definition and if they needed to implement any rules to explain the definitions further, the Legislative Council suggested that the extension of authority be included.

Rep. Glaser asked Rep. Sands to explain the term "maintenance" in the proposed amendment by Randy Gray, that lists three key words, ownership, maintenance, and use. Rep. Sands explained that they are trying to make it clear that it doesn't matter whether there is insurance for the car, or for the person, as long as there is insurance to cover the vehicle, and that it is not a situation where uninsured coverage would take place. He said this amendment makes it clear that no matter what the situation is, if there is insurance that covers the accident that meets the minimum standards for liability insurance, that insurance is adequate. Mr. Verdon explained that maintenance is in the listing section, and refers back to the language in existing sections that are being amended.

Rep. Brandewie asked if Ms. Irigoin had reviewed the amendment by Mr. Gray. Ms. Irigoin responded that they support the amendment because it is true that that term is not defined anywhere in the insurance code.

CLOSING

Rep. Sands made no further comments.

HOUSE BILL NO. 440 - Disapprove Insurance Policy With "Defense Costs Within Limits" Provisions, sponsored by Rep. Edward Grady, House District No. 47, Helena. Rep. Grady stated this is a "defense costs within limits" piece of legislation, and that Tanya Ask would address the bill.

PROPONENTS

Tanya Ask, Montana Insurance Department, State Auditor's Office. Ms. Ask stated that defense costs within limits is the concept that has come up because of the insurance industry's attempt to implement a new commercial general liability program. She said that under defense within limits, it becomes a cost transference to the consumer, and is something that is not supported by the majority of Insurance Commissioners in the U.S., and the State Auditor's office would not want defense costs within limits for the protection of policy holders in this state. Exhibit No. 26.

Roger McGlenn, Executive Director, Independent Insurance Agents Association of Montana. Mr. McGlenn stated that they support the bill, and agree with the need to contain the explosion of defense costs, however, the National Association and Commercial Lines Committee, on which there is a representative from Montana, rejects the concepts of defense costs being included with the limits of coverage in a liability policy. They believe defense costs within policy limits is not in the consumer's best interest, and would reduce indemnity coverages available by reducing the policy limits by the cost of defense; and in a complex claim, policy limits could be exhausted in defense costs, and other legal costs with no indemnity protection left over after the litigation, and thereby no coverage for the consumer.

OPPONENTS

None.

QUESTIONS

Rep. Driscoll stated that we have been hearing for two years about claims and attorneys causing all the problems with the insurance industry, and it seemed to him that maybe the defense attorneys are the ones causing the problems. Ms. Ask responded that may be a problem, but they want to make sure that if there is a defense cost, that the consumer

ACTION ON HOUSE BILL NO. 433

Rep. Swysgood moved that House Bill No. 433 DO PASS.

Rep. Swysgood moved amendments as proposed. The motion carried with Rep. Driscoll opposed and Rep. Cohen being absent.

Rep. Swysgood moved that House Bill No. 433 DO PASS AS AMENDED. The motion carried with Rep. Driscoll opposed and Rep. Cohen being absent.

ACTION ON HOUSE BILL NO. 439

Rep. Brandewie moved that House Bill No. 439 DO PASS.

Rep. Brandewie moved the amendments proposed by the State Auditor. The motion carried with Rep. Cohen being absent.

Rep. Brandewie moved that House Bill No. 439 DO PASS AS AMENDED. The motion carried with Rep. Cohen being absent.

ACTION ON HOUSE BILL NO. 426

Chairman Kitselman referred House Bill No. 426 to a subcommittee composed of Rep. Glaser, Rep. Thomas, and Rep. Pavlovich, with Rep. Glaser as chairman.

ACTION ON HOUSE BILL NO. 415

Rep. McCormick moved that House Bill No. 415 DO PASS.

DISCUSSION

Rep. Swysgood stated there were many problems with this bill. He said in the testimony given it was stated that there would be financial impacts on age groups under 65, the difficulty the physicians in the smaller rural areas would have, and the misconception on the part of the elderly as to what exactly this bill does. He said there should be some clarification on these problems.

Rep. Hansen stated that there was a lot of misconceptions with this bill on both sides. She said the elderly people that worked on the bill understand how medicaid works, and she talked to some physicians that understand; but the rest of the people she talked to don't understand. She stated that this could be ignored and tabled, but she would like to see it on the House floor for a full discussion, because this issue would not disappear, and should be resolved.

Rep. Bachini stated that there are problems, but the problems are back in Washington with the method of funding; there is no real equalization the way it is structured. He

DAILY ROLL CALL

BUSINESS & LABOR COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date February 4, 1987

NAME	PRESENT	ABSENT	EXCUSED
REP. LES KITSELMAN, CHAIRMAN	✓		
REP. FRED THOMAS, VICE-CHAIRMAN	✓		
REP. BOB BACHINI	✓		
REP. RAY BRANDEWIE	✓		
REP. JAN BROWN	✓		
REP. BEN COHEN	✓ (absent for part of hearing)		
REP. JERRY DRISCOLL	✓		
REP. WILLIAM GLASER	✓		
REP. LARRY GRINDE	✓		
REP. STELLA JEAN HANSEN	✓		
REP. TOM JONES	✓		
REP. LLOYD MCCORMICK	✓		
REP. GERALD NISBET	✓		
REP. BOB PAVLOVICH	✓		
REP. BRUCE SIMON	✓		
REP. CLYDE SMITH	✓		
REP. CHARLES SWYSGOOD	✓		
REP. NORM WALLIN	✓		

CS-30

VISITORS' REGISTER

BUSINESS AND LABOR COMMITTEE

BILL NO. HB 433 DATE Feb. 4, 1987

SPONSOR Rep. Jack Sands

NAME (please print)	REPRESENTING	SUPPORT	OPPOSE
Randy Gray	State Farm / AIF	✓	
Kathy Irigoin	State Auditor	X	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

CS-33

EXHIBIT A-1
DATE 2-4-
HB 433

PROPOSED AMENDMENT BY THE STATE AUDITOR
HOUSE BILL 433--GENERAL REVISION OF INSURANCE LAWS

1. Page 7, line 8.
Strike: "Motor vehicle."
Insert: "Definitions. As used in [sections 7 through 15], the following definitions apply: (1)"

2. Page 7.
Following: line 12
Insert: "(2) "Motor vehicle liability policy" means any policy of automobile or motor vehicle insurance against liability now or hereafter required under Title, 61, chapter 6, parts 1 and 3."

DATE
HB 433

HOUSE BILL 433

Amendment proposed by Randy Gray, lobbyist for State Farm and National Association of Independent Insurers (NAII).

Section 7

1. Page 7, line 22

   Following: "registered"

   Strike: "or"

   Insert: "and"

2. Page 8, line 5

   Following: "therefrom"

   Strike: "."

   Insert: "caused by an accident arising out of the operation or use of such vehicle. An uninsured motor vehicle is a land motor vehicle, neither the ownership, nor the maintenance, nor the use of which is insured or bonded for bodily injury liability at the time of the accident."

STANDING COMMITTEE REPORT

FEBRUARY 4 19 87

Mr. Speaker: We, the committee on BUSINESS AND LABOR

report HOUSE BILL NO. 433

☒ do pass ☐ be concurred in ☒ as amended
☐ do not pass ☐ be not concurred in ☐ statement of intent attached

REP. LES KITSELMAN Chairman

AMENDMENTS AS FOLLOWS:

1) Page 7, line 8
Following: "Section 6."
Strike: "Motor vehicle."
Insert: "Definitions. As used in 33-23-201 through 33-23-203 and 33-23-211 through 33-23-216, the following definitions apply: (1)"

2) Page 7, line 13
Following: line 12
Insert: "(2) "Motor vehicle liability policy" means any policy of automobile or motor vehicle insurance against liability now or hereafter required under Title 61, chapter 6, parts 1 and 3."

3) Page 7, line 22
Following: "registered"
Strike: "or"
Insert: "and"

4) Page 8, line 5
Following: "therefrom"
Insert: "caused by an accident arising out of the operation or use of such vehicle. An uninsured motor vehicle is a land motor vehicle, neither the ownership, nor the maintenance, nor the use of which is insured or bonded for bodily injury liability at the time of the accident"

FIRST WHITE
reading copy (color)

MINUTES OF THE MEETING
BUSINESS & INDUSTRY COMMITTEE
MONTANA STATE SENATE

March 3, 1987

The twenty-sixth meeting of the Business and Industry Committee was called to order by Chairman Allen Kolstad on Tuesday, March 3, 1987 at 10 a.m. in Room 410 of the Capitol.

ROLL CALL: All members were present with the exception of Sens. McLane and Walker who were excused.

CONSIDERATION OF HOUSE BILL NO. 228: Rep. Charles Swysgood, District 73, sponsored the bill which was requested by the State Auditor and said the bill provides that if a party appeals an order or action of the insurance commissioner to the district court, the appeal no longer automatically stays (stops) the order or action appealed from. This bill gives authority to the district court to decide if the order or action will be stayed pending the appeal. This would then give the insurance commissioner the opportunity to respond, stating why the order or action should or should not be stayed.

PROPONENTS:

Andrea Bennett, State Auditor and Insurance Commissioner, went over EXHIBIT 1 with the committee.

Roger McGlenn, Executive Director of the Independent Insurance Agents Association of Montana, said he had reviewed the bill and said there is adequate protection of due process under the hearing process of our statutes and supported the bill.

Bonnie Tippy, representing the Alliance of American Insurance, wished to be on record as being a proponent of the bill and said it simply mirrors the powers the commissioner has as the securities commissioner.

OPPONENTS: There were no opponents.

DISCUSSION OF HOUSE BILL NO. 228: Chairman Kolstad asked for questions from the committee.

Sen. Boylan asked why we couldn't go back to the restraining order. Kathy Irigoin from the state auditor's office said that once action is taken against an individual or a company which revokes or suspends the license, that person may appeal and that negates what they have done.

Sen. Neuman asked about other licenses (for example, cosmetologists) being appealed and if that automatically reverses the decision of the board. Ms. Irigoin said that state agencies

CONSIDERATION OF HOUSE BILL NO. 433: Rep. Jack Sands, District 90, sponsor, said the bill contains numerous general "cleanup" amendments to the insurance laws and provides a definition of "motor vehicle liability policy." Section 1 contains a single word change on line 21 of page 1. Section 2 clarifies that fraternal societies must comply with the chapters regulating life and disability insurance. Section 3 inserts a comma in line 19, page 3. Section 4 clarifies that group coverage for newborns applies to individual disability policies. Section 5 makes minor word changes at lines 14 and 15 of page 5. Section 6 provides a definition of "motor vehicle liability policy." The amendments in sections 7 through 15 make numerous minor word changes and clarify that those sections apply to motor vehicle coverage.

PROPONENTS: Kathy Irigoin said they support the bill and she would answer any questions. She submitted EXHIBIT 9 to the committee.

OPPONENTS: There were no opponents.

DISCUSSION OF HOUSE BILL NO. 433: There were no questions from the committee.

EXECUTIVE ACTION ON HOUSE BILL NO. 433: Sen. Hager MOVED that HB 433 BE CONCURRED IN, seconded by Sen. Weeding. The MOTION PASSED UNANIMOUSLY. Sen. Hager will carry the bill in the Senate.

There being no further business before the committee, the meeting was adjourned at 11:16 a.m.

Allen C. Kolstad

SEN. ALLEN C. KOLSTAD, CHAIRMAN

ROLL CALL

Business & Industry COMMITTEE

50th LEGISLATIVE SESSION -- 1987 Date 3/3/87

NAME	PRESENT	ABSENT	EXCUSED
ALLEN C. KOLSTAD, CHAIRMAN	✓		
TED NEUMAN, VICE CHAIRMAN	✓		
PAUL BOYLAN	✓		
TOM HAGER	✓		
HARRY H. McLANE			✓
DARRYL MEYER	✓		
GENE THAYER	✓		
MIKE WALKER			✓
CECIL WEEDING	✓		
BOB WILLIAMS	✓		

Each day attach to minutes.

DATE 3/3/87

COMMITTEE ON Business & Industry

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check Support
Roger McGlenn	Independent Insurance Agents Assoc. of MT	228 440 441 433	X
Kathy Irigoin	State Auditor's Office	228, 433, 439	X
Tanya Bk	MT Dhs Dept. - State Auditor's	440, 441, 228	X
Andy Bennett	State Auditor	HB 228, 440, 441	X

(Please leave prepared statement with Secretary)

SENATE BUSINESS & INDUSTRY
EXHIBIT NO. 9
DATE 3/3/87
BILL NO. HB433

WRITTEN TESTIMONY OF THE STATE AUDITOR
HOUSE BILL 433
Senate Business and Industry
March 3, 1987

I. Purpose

The purpose of House Bill 433 is to clean up minor errors and irregularities in the Montana Insurance Code.

II. Section by Section Explanation

Section 1 deletes "as" in line 21, page 1.

Section 2 makes chapters 20 (life) and 22 (disability) apply to fraternal benefit societies (see page 3, line 4).

Section 3 removes a comma in line 19, page 3 (between the words "mortgage" and "guaranty").

Section 4 clarifies that 33-22-301, MCA, (newborn infant coverage) applies to every individual disability policy, not just to family policies (see page 3, line 25).

Section 5 replaces "service plan corporation" with "health service corporation" (see page 5, lines 14 and 15).

Section 6 defines "motor vehicle" and "motor vehicle liability policy" (see page 7, lines 11 through 18).

Sections 7 through 15 replace "automobile" and "auto" with "motor vehicle" (see page 7, line 19 through line 25, page 15).

III. Amendments:

In response to the recent Montana Supreme Court decision, State Farm Mutual Automobile Company v. Taylor, 43 St. Rptr 1667 (September 12, 1986), State Farm proposed and the House approved an amendment to define "uninsured motor vehicle" to mean "a land motor vehicle, neither the ownership, nor the maintenance, nor the use of which is insured or bonded for bodily injury liability at the time of the accident." The facts of the Taylor case were as follows: Mr. Taylor was the driver of a vehicle with Mr. Hanson and Mr. Calloway as passengers. Mr. Taylor and Mr. Hanson had State Farm automobile liability insurance policies. Mr. Moss, the driver of an uninsured motor vehicle that he did not own rearended the

car carrying the three men. Mr. Moss had personal liability insurance that paid to the policy limit but left the judgments obtained on behalf of the three men partially unsatisfied. Noting that the Montana Insurance Code did not contain a definition of uninsured motor vehicle, the Montana Supreme Court held that the State Farm automobile insurance policies insuring Mr. Taylor and Mr. Hanson provided uninsured motor vehicle coverage under these circumstances.

We proposed and the House approved an amendment to define "motor vehicle liability policy" to mean "any policy of automobile or motor vehicle insurance against liability now or hereafter required by Title 61, chapter 6, parts 1 and 3."

SENATE BUSINESS & INDUSTRY
EXHIBIT NO. 9
DATE 3-3-87
BILL NO. H.B. 133

STANDING COMMITTEE REPORT

MARCH 3, 19 87

MR. PRESIDENT

We, your committee on BUSINESS AND INDUSTRY

having had under consideration HOUSE BILL No. 433

THIRD reading copy (BLUE color)

SANDS (HAGER)

GENERALLY REVISE INSURANCE LAWS

Respectfully report as follows: That HOUSE BILL No. 433

BE CONCURRED IN

~~DO PASS~~

~~DO NOT PASS~~

SENATOR KOLSTAD, Chairman.

HOUSE BILL NO. 433

INTRODUCED BY SANDS

BY REQUEST OF THE STATE AUDITOR

A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE LAWS RELATING TO INSURANCE; AND AMENDING SECTIONS 33-2-117, 33-7-101, 33-10-101, 33-22-301, 33-22-703, 33-23-201 THROUGH 33-23-203, AND 33-23-211 THROUGH 33-23-216, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 33-2-117, MCA, is amended to read:

"33-2-117. Continuance, expiration, reinstatement, and amendment of certificate of authority. (1) Certificates of authority issued or renewed under this code shall continue in force as long as the insurer is entitled thereto under this code and until suspended or revoked or otherwise terminated; subject, however, to continuance of the certificate by the insurer each year by payment prior to May 15 of the continuation fee provided in 33-2-708.

(2) If not so continued by the insurer, its certificate of authority shall expire as at midnight on May 31 next following such failure of the insurer so to continue it in force. The commissioner shall promptly notify the insurer of the occurrence of any such failure resulting in impending expiration of its certificate of authority.

(3) The commissioner may, in his discretion, reinstate a certificate of authority which the insurer has inadvertently permitted to expire, after the insurer has fully cured all its failures which resulted in such expiration and upon payment by the insurer of the fee for reinstatement in addition to the current continuation fee, as provided in 33-2-708. Otherwise, the insurer shall be granted another certificate of authority only after filing application therefor and meeting all other requirements as for an original certificate of authority in this state.

(4) The commissioner may amend a certificate of authority at any time to accord with changes in the insurer's charter of insuring powers."

Section 2. Section 33-7-101, MCA, is amended to read:

"33-7-101. Scope of chapter -- provisions applicable. (1) Except as herein provided, societies shall be governed by this chapter and shall be exempt from all other provisions of the insurance laws of this state, not only in governmental relations with the state but for every other purpose. No law hereafter enacted shall apply to them unless they be expressly designated therein.

(2) In addition to the provisions contained in this chapter, other chapters and provisions of this title shall apply to fraternal benefit societies to the extent applicable and not in conflict with the express provisions

REFERENCE BILL

of this chapter and the reasonable implications thereof, as follows: parts 1, 2, 3, 4, and 7 of chapter 1; 33-2-104; 33-2-107; 33-2-112; chapter 2, part 13; 33-3-308; 33-15-502; and chapter 18; chapter 20; and chapter 22."

Section 3. Section 33-10-101, MCA, is amended to read:

"33-10-101. Short title, purpose, scope, and construction. (1) This part shall be known and may be cited as the "Montana Insurance Guaranty Association Act".

(2) The purpose of this part is to provide a mechanism for the payment of covered claims under certain insurance policies to avoid excessive delay in payment and to avoid financial loss to claimants or policyholders because of the insolvency of an insurer, to assist in the detection and prevention of insurer insolvencies, and to provide an association to assess the cost of such protection among insurers.

(3) This part shall apply to all kinds of direct insurance, except life, title, surety, disability, credit, mortgage, guaranty, and ocean marine insurance.

(4) This part shall be liberally construed to effect the purpose under subsection (2) which shall constitute an aid and guide to interpretation."

Section 4. Section 33-22-301, MCA, is amended to read:

"33-22-301. Coverage of newborn under family disability policy. (1) Each policy of disability insurance

or certificate issued thereunder shall contain a provision granting immediate accident and sickness coverage, from and after the moment of birth, to each newborn infant of any insured.

(2) The coverage for newborn infants shall must be the same as provided by the policy for the other covered persons; provided, however, that for newborn infants there shall be no waiting or elimination periods. A deductible or reduction in benefits applicable to the coverage for newborn infants is not permissible unless it conforms and is consistent with the deductible or reduction in benefits applicable to all other covered persons.

(3) No policy or certificate of insurance may be issued or amended in this state if it contains any disclaimer, waiver, or other limitation of coverage relative to the accident and sickness coverage or insurability of newborn infants of an insured from and after the moment of birth.

(4) If payment of a specific premium or subscription fee is required to provide coverage for a child, the policy or contract may require that notification of birth of a newly born child and payment of the required premium or fees must be furnished to the insurer or nonprofit service or indemnity corporation within 31 days after the date of birth in order to have the coverage continue beyond such 31-day

period."

Section 5. Section 33-22-703, MCA, is amended to read:

"33-22-703. Coverage for mental illness, alcoholism, and drug addiction. Insurers and health service corporations transacting group health insurance or group health plans in this state shall provide, under hospital and medical expenses incurred insurance group policies and under hospital and medical service plan group contracts, the level of benefits specified in this section for the necessary care and treatment of mental illness, alcoholism, and drug addiction subject to the right of the applicant to select any alternative level of benefits above the minimum level of benefits described in subsections (1)(b), (2)(a), (2)(b), and (2)(d) as may be offered by the insurer or health service ~~plan~~ corporation:

(1) under basic inpatient expense policies or contracts, inpatient hospital benefits consisting of durational limits, dollar limits, deductibles, and coinsurance factors that are not less favorable than for physical illness generally, except that:

(a) benefits may be limited to not less than 30 calendar days per year as defined in the policy or contract;

(b) the aggregate maximum benefit for alcoholism and drug addiction of inpatient expenses under basic inpatient policies and contracts plus inpatient expenses under major

medical policies and contracts may be limited to no less than:

(i) $4,000 in any 24-month period; and

(ii) $8,000 in lifetime benefits;

(2) under major medical policies or contracts, inpatient benefits and outpatient benefits consisting of durational limits, dollar limits, deductibles, and coinsurance factors that are not less favorable than for physical illness generally, except that:

(a) inpatient benefits may be limited to no less than 30 calendar days per year as defined in the policy or contract. If inpatient benefits are provided beyond 30 calendar days per year, the durational limits, dollar limits, deductibles, and coinsurance factors applicable thereto need not be the same as applicable to physical illness generally.

(b) for outpatient benefits, the coinsurance factor may not exceed 50% or the coinsurance factor applicable for physical illness generally, whichever is greater, and the maximum benefit for mental illness, alcoholism, and drug addiction in the aggregate during any applicable benefit period may be limited to not less than $1,000;

(c) maximum lifetime benefits shall, for mental illness in the aggregate, be no less than those applicable to physical illness generally;

(d) the aggregate maximum benefit for alcoholism and drug addiction of inpatient expenses under basic inpatient policies and contracts plus inpatient expenses under major medical policies and contracts may be limited to no less than:

(i) $4,000 in any 24-month period; and

(ii) $8,000 in lifetime benefits."

NEW SECTION. Section 6. ~~Motor--vehicle.~~ DEFINITIONS. AS USED IN 33-23-201 THROUGH 33-23-203 AND 33-23-211 THROUGH 33-23-216, THE FOLLOWING DEFINITIONS APPLY:

(1) "Motor vehicle" means every vehicle propelled by its own power and designed primarily to transport persons or property upon the highways of the state. The term does not include a bicycle as defined in 61-1-123.

(2) "MOTOR VEHICLE LIABILITY POLICY" MEANS ANY POLICY OF AUTOMOBILE OR MOTOR VEHICLE INSURANCE AGAINST LIABILITY NOW OR HEREAFTER REQUIRED UNDER TITLE 61, CHAPTER 6, PARTS 1 AND 3.

Section 7. Section 33-23-201, MCA, is amended to read:

"33-23-201. Motor vehicle liability policies to include uninsured motorist coverage -- rejection by insured. (1) No ~~automobile--liability--or~~ motor vehicle liability policy insuring against loss resulting from liability imposed by law for bodily injury or death suffered by any person arising out of the ownership, maintenance, or use of

a motor vehicle ~~shall~~ may be delivered or issued for delivery in this state, with respect to any motor vehicle registered or AND principally garaged in this state, unless coverage is provided therein or supplemental thereto, in limits for bodily injury or death set forth in 61-6-103, under provisions filed with and approved by the commissioner, for the protection of persons insured thereunder who are legally entitled to recover damages from owners or operators of uninsured motor vehicles because of bodily injury, sickness, or disease, including death, resulting therefrom, CAUSED BY AN ACCIDENT ARISING OUT OF THE OPERATION OR USE OF SUCH VEHICLE. AN UNINSURED MOTOR VEHICLE IS A LAND MOTOR VEHICLE, NEITHER THE OWNERSHIP, NOR THE MAINTENANCE, NOR THE USE OF WHICH IS INSURED OR BONDED FOR BODILY INJURY LIABILITY AT THE TIME OF THE ACCIDENT.

(2) The named insured shall have the right to reject such coverage. Unless the named insured requests such coverage in writing, such coverage need not be provided in or supplemental to a renewal policy where the named insured had rejected the coverage in connection with the policy previously issued to him by the same insurer."

Section 8. Section 33-23-202, MCA, is amended to read:

"33-23-202. Reimbursement for total loss of motor vehicle based on actual replacement value. Each ~~automobile~~ motor vehicle insurance policy issued to residents of this

state which provides that reimbursement for total loss of a motor vehicle ~~shall~~ must be based on a "book" value rather than on the actual replacement value is void as to such provision, and reimbursement ~~shall~~ must be made for actual replacement value."

Section 9. Section 33-23-203, MCA, is amended to read:

"33-23-203. Limitation of liability under motor vehicle liability policy. (1) Unless a motor vehicle liability policy specifically provides otherwise, the limits of insurance coverage available under any such policy, including the limits of liability under uninsured motorist coverage, ~~shall~~ must be determined as follows, regardless of the number of motor vehicles insured under the policy:

(a) the limit of insurance coverage available for any one accident ~~shall be~~ is the limit specified for the motor vehicle involved in the accident;

(b) if no motor vehicle insured under the policy is involved in the accident, the limit of insurance coverage available for any one accident ~~shall be~~ is the highest limit of coverage specified for any one motor vehicle insured under the policy; and

(c) the limits of coverage specified for each motor vehicle insured under the policy ~~shall~~ may not be added together to determine the limit of insurance coverage available under the policy for any one accident.

(2) A motor vehicle liability policy may also provide for other reasonable limitations, exclusions, or reductions of coverage which are designed to prevent duplicate payments for the same element of loss."

Section 10. Section 33-23-211, MCA, is amended to read:

"33-23-211. Limitations on basis for cancellation. (1) A notice of cancellation of a motor vehicle liability policy ~~shall be~~ is effective only if it is based on one or more of the following reasons:

(a) nonpayment of premium; or

(b) the driver's license or motor vehicle registration of the named insured or of any other operator who either resides in the same household or customarily operates an ~~automobile~~ a motor vehicle insured under the policy has been under suspension or revocation during the policy period or, if the policy is a renewal, during its policy period or the 180 days immediately preceding its effective date.

(2) This section ~~shall~~ does not apply to any policy or coverage which has been in effect less than 60 days at the time notice of cancellation is mailed or delivered by the insurer unless it is a renewal policy.

(3) Modification of ~~automobile~~ motor vehicle physical damage coverage by the inclusion of a deductible not exceeding $100 ~~shall~~ may not be deemed a cancellation of the

coverage or of the policy.

(4) This section ~~shall~~ does not apply to nonrenewal of a motor vehicle liability policy."

Section 11. Section 33-23-212, MCA, is amended to read:

"33-23-212. Notice required for cancellation -- exception -- statement that insurer will specify reason upon request -- penalty. (1) Notwithstanding any other provision of this code, no cancellation by an insurer of ~~an--auto~~ a motor vehicle liability insurance policy ~~shall~~ may be effective prior to the mailing or delivery to the named insured at the address shown in the policy of a written notice of the cancellation stating when, not less than 30 days after the date of such mailing or delivery, the date the cancellation shall become effective.

(2) No notice of cancellation of a policy to which 33-23-211 applies ~~shall~~ may be effective unless mailed or delivered by the insurer to the named insured at least 30 days prior to the effective date of cancellation; provided, however, that where cancellation is for nonpayment of premium, at least 10 days' notice of cancellation accompanied by the reason therefor ~~shall~~ must be given. Unless the reason accompanies or is included in the notice of cancellation, the notice of cancellation ~~shall~~ must state or be accompanied by a statement that upon written request

of the named insured, mailed or delivered to the insurer not less than 15 days prior to the effective date of cancellation, the insurer will specify the reason for such cancellation.

(3) Subsection (2) ~~shall~~ does not apply to nonrenewal.

(4) Any insurer willfully violating any provisions of subsection (2) of this section is guilty of a misdemeanor and is punishable by a fine of not exceeding $500 for each violation thereof."

Section 12. Section 33-23-213, MCA, is amended to read:

"33-23-213. Notice to insured of ground for cancellation -- commissioner to ensure compliance. Whenever an insurer gives notice of cancellation of ~~an--automobile~~ a motor vehicle liability policy, upon request of the insured, the insurer, within 15 days of receipt of the request, shall furnish to the insured a statement setting forth the ground or grounds upon which the notice of cancellation is based. If the insurer fails to comply with the provisions of this section, the insured may apply to the commissioner for a certificate of the facts or information desired. The commissioner shall exercise any power conferred upon him by law as may be necessary to ensure compliance with this section."

Section 13. Section 33-23-214, MCA, is amended to

read:

"33-23-214. Advance notice required for nonrenewal -- exceptions -- exemptions. (1) No insurer ~~shall~~ may fail to renew a motor vehicle liability policy unless it ~~shall--mail~~ mails or ~~deliver~~ delivers to the named insured, at the address shown in the policy, at least 30 days' advance notice of its intention not to renew. Such notice ~~shall~~ must contain or be accompanied by a statement that upon written request made not later than 1 month following the termination date of the policy of the named insured mailed or delivered to the insurer, the insurer will notify the insured in writing, within 15 days of his request, of the reason or reasons for such nonrenewal.

(2) Notwithstanding the failure of an insurer to comply with this section, the motor vehicle liability policy ~~shall~~ must terminate on the effective date of any other replacement or succeeding ~~automobile~~ motor vehicle liability ~~insurance~~ policy procured by the insured~~,~~ with respect to any ~~automobile~~ motor vehicle designated in both policies.

(3) This section ~~shall~~ does not apply where the named insured has failed to discharge when due any of his obligations in connection with the payment of premiums for the policy or the renewal thereof or any installment payments therefor, whether payable directly to the insurer or its agent or indirectly under any premium finance plan or

extension of credit.

(4) This section ~~shall~~ does not apply in any of the following cases:

(a) if the insurer has manifested its willingness to renew;

(b) in case of nonpayment of premium; provided that, notwithstanding the failure of an insurer to comply with this section, the policy ~~shall~~ must terminate on the effective date of any other insurance policy with respect to any ~~automobile~~ motor vehicle designated in both policies;

(c) if the insured's agent or broker has secured other coverage acceptable to the insured at least 20 days prior to the anniversary date of the policy or termination of the policy period.

(5) Renewal of a motor vehicle liability policy ~~shall~~ does not constitute a waiver or estoppel with respect to grounds for cancellation which existed before the effective date of such renewal.

(6) A notice of nonrenewal of a motor vehicle liability policy under this section, which policy has a term of less than 6 months, is effective only when based on one or more of the reasons listed in 33-23-211."

Section 14. Section 33-23-215, MCA, is amended to read:

"33-23-215. No liability for statements in connection

with cancellation or nonrenewal. There ~~shall~~ may be no liability on the part of and no cause of action of any nature ~~shall~~ may arise against the ~~insurance commissioner~~ or against any insurer, its authorized representative, its agents, its employees, or any firm, person, or corporation furnishing to the insurer information as to reasons for cancellation or nonrenewal for any statement made by any of them in any written notice of cancellation or nonrenewal or for statements made or evidence submitted at any hearings conducted in connection therewith."

Section 15. Section 33-23-216, MCA, is amended to read:

"33-23-216. Retention and proof of notice. (1) A notice of cancellation or of intention not to renew or of reasons for cancellation of insurance issued under terms of this chapter ~~shall~~ must be retained for a period of 3 years by the insurer or ~~his agent within this state and shall~~ must be made available within this state for examination or inspection by the commissioner or his agents at any time within such 3-year period upon reasonable notice.

(2) Proof of mailing of notice of cancellation or of intention not to renew or of reasons for cancellation to the named insured at the address shown in the policy or to the named insured's latest known address ~~shall be~~ is sufficient proof of notice."

NEW SECTION. Section 16. Extension of authority. Any existing authority of the commissioner of insurance to make rules on the subject of the provisions of this act is extended to the provisions of this act.

NEW SECTION. Section 17. Codification instruction. Section 6 is intended to be codified as an integral part of Title 33, chapter 23, part 2, and the provisions of Title 33, chapter 23, part 2, apply to section 6.

-End-